Supreme Court, U.S.
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No. 97-1395

In The Supreme Court of the United States

OCTOBER TERM 1997

PETRO STOPPING CENTERS, L.P.,

Petitioner,

v.

JAMES RIVER PETROLEUM, INC.,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. When a court evaluates whether the owner of an incontestable trademark registration has proven a likelihood of confusion, must the court treat the mark as "conclusively strong," as a matter of law, despite overwhelming evidence to the contrary?

2. Given the peculiar facts of this case, did the lower courts err in determining that there is no infringement?

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STATEMENT OF THE CASE

Petitioner Petro Stopping Centers, L.P. ("Petro Stopping") brought this action against James River Petroleum, Inc. ("James River"). Petitioner alleged infringement of its service marks, which include the term "Petro," by James River's service mark, "James River Petro Card." The Complaint alleged infringement of federally registered trademarks; unfair competition in violation of 15 U.S.C. §1125(a); "dilution" under 15 U.S.C. § 1125(c); and false advertising in violation of Virginia Code §18.2-216.

After a bench trial, Judge Robert R. Merhige, Jr. entered judgment for James River on all counts. The Fourth Circuit affirmed, without dissent.

REASONS FOR DENYING THE WRIT

As in most trademark or service mark infringement actions, the fundamental issue in this case was whether Petitioner proved a likelihood of confusion arising out of James River's use of its mark An important factor in resolving that question is the "strength" of the plaintiff's mark. In the Fourth Circuit and elsewhere, the strength of a mark "ultimately depends on the degree to which the designation is associated by prospective purchasers with a particular source." Pet. App. 8a; quoting *Restatement (Third) of Unfair Competition* at 21 cmt. I (1995). Thus, it is well established that trademark "strength" in the context of likelihood of confusion is a factual issue, one that can be correctly resolved only by an examination of the facts.

Petitioner asks this Court to create a new rule, one that turns traditional trademark law analysis on its ear, by making trademark "strength" a legal issue. Specifically, Petitioner asks this Court to hold that courts *must* consider any mark that is the subject of an incontestable federal registration to be *conclusively strong* for the purpose determining likelihood of confusion, regardless of overwhelming evidence to the contrary. *See* Pet. 8.

In support of the new rule advanced by Petitioner, Petitioner badly mischaracterizes this Court's decision in *Park 'N Fly*. *Park 'N Fly* does not support Petitioner's position; quite to the contrary, *Park 'N Fly* is fully consistent with the decisions below.

The decisions below are consistent with the decisions of other circuit courts. *The rule advanced by Petitioner has not been adopted by a single circuit court.*

Petitioner also raises two subsidiary issues in connection with the likelihood of confusion analysis: whether the courts below properly considered evidence of widespread use of the term "petro," and whether those courts properly considered whether a mark's strength can change over time. As discussed below, those courts did properly consider such evidence, and -- as both courts below found -- the evidence is overwhelming that there is no likelihood of confusion in this case.

I. Facts Demonstrated By The Record[1]

A. The Court Below Found That The Parties' Businesses Are Completely Dissimilar.

The record demonstrates that Petitioner and James River are in entirely different businesses: they look different, they offer different services, and they sell services to different customers. The only thing they have in common is that both sell petroleum, and both use the term "petro" as part of their names and marks. As the Fourth Circuit found, "[b]esides the sale of fuel, the two parties' services and facilities differ in virtually every respect." Pet. App. 12a.

Petitioner owns, operates, and franchises huge "full-facility truck/auto travel centers" under the names "Petro Stopping Centers" and "Petro Travel Plazas." App. 71; Pet. App. 2a. Its principal competitors are large, multi-service national chains and regional chains of full-service truck stops. App. 26-7, App. 903, Trial Tr. 183-4.

Each of Petitioner's travel centers offer a wide variety of goods and services, as outlined by the Fourth Circuit decision. *See, e.g.*, Pet. App. 3a, 12a. These goods and services include the sale of petroleum fuel, separate fueling areas for

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[1]In this brief, references to "Pet. App." are to the Appendix attached to the Petition; references to "App. [page]" are to the Joint Appendix filed in the Fourth Circuit; references to "Trial Tr. [page]" are to pages of the trial transcript not part of the Joint Appendix; references to "Defendant. Ex. [no.]" are to trial exhibits not part of the Joint Appendix; and references to "[Witness] Dep.[page]" are to deposition transcripts, not part of the Joint Appendix, that were made part of the record by order of the district court entered April 4, 1997.

trucks and cars, restaurants, truck maintenance, tires, general merchandise retail stores, fax machines, overnight mail drop boxes, ATM machines, cashiers from whom drivers can receive paychecks or cash advances, showers, laundry, quiet rooms, game rooms, television rooms, movie theaters, barber shops, shoe shine stands, jewelry stores, certified truck weighing scales, truck wash, and huge, secure parking areas for hundreds of trucks and cars. App. 75, App. 169; Roberts Dep. 217, 244.

Petitioner's full service travel plazas are open to the public and staffed 24 hours a day. With rare exception, customers complete their purchases with a cashier, paying with cash, checks, or credit cards. *Id.*

Each of Petitioner's full service travel plazas displays a consistent, distinctive, and prominent green and orange color scheme. The buildings at each travel plaza have large, distinctive green roofs and distinctive reddish-orange brick walls. Its signs and buildings consistently display the colors green, orange, and white. App. 74, App. 165, App. 415, App. 740-1, App. 743-5. According to Petitioner's senior management, customers can easily recognize its full service truck stops when they see the color scheme. Cardwell Dep. 30-1, 45-46, 48-52; Roberts Dep. 22-3.

Petitioner's travel plazas each have a main building with a standardized layout. App. 74-5, App. 153, App. 906; Cardwell Dep. 31-2. The main building at Petitioner's travel plazas always contains an Iron Skillet restaurant, Petitioner's heavily advertised national chain of restaurants. *See* App. 729; Cardwell Dep. 53. The "Iron Skillet" name is famous among truckers, who -- according to Petitioner's own expert

witness -- expect to find that particular restaurant at a Petro Stopping travel plaza. App. 126-7, App. 130. Some of Petitioner's travel plazas also have other restaurants in addition to the Iron Skillet, such as McDonald's, Wendy's, Blimpie's, and Pizza Hut. App. 75.

James River was formed in 1985. Since then, it has distributed petroleum under the name "James River Petroleum, Inc." App. 73. This name appears on James River's building and trucks. *See* App. 761-3 (photos). In approximately 1992, James River expanded into the petroleum "card lock" business, which is the business at issue in this case. At the time of trial, James River operated five card locks, all in the Richmond, Virginia metropolitan area, with a sixth expected to open in the near future. App. 4a.

As the Fourth Circuit found, in the "card lock" business owners of fleets of vehicles purchase accounts that allow their drivers to use payment cards at *unstaffed, self-service* fueling stations, which are *not open to the public generally*. Pet. App. 3a, 13a. The card locks are designed for commercial accounts, not retail sales. Most of James River's card lock customers are owners of small commercial fleets. App. 263-5; *see* Pet. App. 4a.

After a fleet owner establishes an account with James River, the owner receives payment cards that its drivers can use to purchase fuel at James River's "card locks." App. 73, App. 733-4. The card can be used only to purchase petroleum products at authorized card locks. App. 239, App. 266. Drivers cannot purchase fuel at these sites unless they have a proper payment card. Cash and credit cards are not accepted by James River. App. 239-40; Trial Tr. 273.

The James River customer -- the fleet owner -- receives invoices from James River with a detailed breakdown of fuel purchases and fuel usage reports. The fleet owner can limit the types of fuel to be purchased, the amounts of fuel that can be purchased, and the days on which fuel can be purchased at the card lock. *See* App. 733-4; App. 265, Trial Tr. 400. Each fleet owner negotiates its own price, and as a result there is no fuel price posted at the card lock. App. 267.

The lower courts found that James River does not provide the wide array of services that Petitioner provides. Pet. App. 19a; *see* 12a. James River card locks offer only petroleum products (and at some sites drinks from a vending machine). App. 239, App. 262, App. 266.

James River's principal competitors are other local card lock businesses, which have facilities near James River. Trial Tr. 281; *see* Defendant. Ex. 7 (photos of James River's competitors' facilities, which look much like James River's facilities). Most of James River's customers have facilities located near a James River card lock. App. 231-2; Trial Tr. 297-8.

James River's facilities do not employ colors that are associated with Petitioner's facilities. James River's facilities look like, according to the District Court, "a gas station with nobody home," Pet. App. 19a.

B. The Court Below Found That "Petro" Means "Petroleum."

The district court found that "Petro" is "obviously a shortened version of petroleum and describes the petroleum related goods and services that plaintiff sells. It describes the main ingredient of plaintiff's product." Pet. App. 18a. Petitioner has not challenged this finding.

This finding is well supported by the evidence. Dictionary definitions of "petro," which are part of the record, show that the term means "petroleum."[2] Courts often rely on dictionaries in trademark cases.[3] The U.S. Patent And Trademark Office (the "PTO") has repeatedly ruled that PETRO refers to petroleum and as such is not registerable to mean "petroleum" on the Principal Register. *See, e.g.*, App. 1107-11, App. 1928-32, App. 1954-58, App. 974-76, App. 2114-17. At least two trial witnesses testified that they

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[2]*See, e.g.*, 1 *Acronyms, Initialisms & Abbreviations Dictionary* Part 3, 1647 (10th ed. 1986-87) (equating "PETRO" with petroleum), App. 1110-1; *Miriam-Webster Ninth New Collegiate Dictionary* 879 (1983) ("petroleum"), App. 1023; *The American Heritage Dictionary of the English Language* 1355 (3d. ed. 1992) ("Petroleum"), App. 1032; *Random House Unabridged Dictionary* 1449 (2d ed. 1993)("of or pertaining to petroleum or the petroleum industry"), App. 1028; *Webster's New World Dictionary of American English* 1010 (3d. college ed. 1988) ("of or relating to the petroleum business"), App. 1043.

[3]*See, e.g., Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 937 (7th Cir. 1986) (relying on *Webster's Third New International Dictionary*); *Gimix, Inc. v. JS&A Group, Inc.*, 699 F.2d 901, 905-6 (7th Cir. 1983) (noting a lack of dictionary evidence as a reason to find a term not generic).

understand "petro" to mean "petroleum." App. 254; App. 271. No one testified to the contrary.

C. The Court Below Found That The Term "Petro" Is Widely Used And Registered; And The Record Shows That In Many Cases Petitioner Has Acquiesced To The Use Of "Petro" By Others.

The Fourth Circuit found that "Petro" is contained in 117 third-party federal registrations or applications for registration, 63 of which are for use in connection with petroleum or fuel-related goods and services. Even before Petitioner registered its first mark, there were 42 other federal registrations including the term "petro." Pet. App. 9a.

The Fourth Circuit also found that the term "petro" is a widely used term in a variety of businesses, primarily in petroleum related services. The evidence shows that the term is used by over 2,700 businesses as part of their names. Pet. App. 9a. One witness testified to "a bunch" of businesses in the fuel industry using the term "petro" as part of their names. App. 258.

Moreover, Petitioner has acquiesced to the use of the term "petro" by third parties, *see, e.g.,* Defendant. Ex. 44, p. 33, without controlling the quality of the goods and services rendered by those third parties. App. 173; Roberts Dep. 171-72. Petitioner has acquiesced to such use on gas stations, convenience stores, combination gas stations and convenience stores, service stations, and facilities that sell diesel fuel to trucks, *see, e.g.,* App. 42, App. 173-8, App. 766-67, App. 840-41, App. 901-2, App. 2062-71, App. 2074-77, App.

2109-10, App. 2111, App. 2112-13, Roberts Dep. 175, *even though it now takes the position that some of such use would cause confusion in the marketplace.* App. 29; Roberts Dep. 39.

Perhaps most amazing, *Appellant has formally agreed that a third party can use the term "petro" as part of the name "PetroLock" on card lock facilities just like James River's.* App. 2095, App. 2101-2; Hebb Dep. 6-10.

D. Petitioner Has No Registration For The Word "Petro" Alone Or For Petroleum Products.

The Fourth Circuit found that Petitioner has no federal registration for the word "petro" by itself. Pet. App. 2a. Each of Petitioner's registrations contains the word "petro" as part of a composite mark containing other words and/or design elements. *Id.* 2a-3a. This means that in each registration, the word "petro" is part of a "unitary composite mark."[4] The registration Petitioner refers to in its brief as "the mark PETRO presented with background colors," Pet. 3, is in reality a composite mark consisting of the term "petro" in a special design, which includes the word "petro" imbedded in a rectangular design element along with Petitioner's trade dress colors, green and orange. *See* Pet. App. 132a.

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[4]Unitary composite marks are explained in the Trademark Manual Of Examining Procedure ("TMEP"), §§ 1213.03 and 1213.06 (a). Copies of those sections are at App. 1113-15.

There is no dispute that Petitioner never registered any of its "petro" composite marks to identify petroleum products, *per se*.

E. As The Court Below Found, Petitioner's Claim Today That "Petro" Is Strong Contradicts Its Previous Position.

Petitioner argues today that the "petro" mark is strong. *Petitioner previously argued just the opposite.* In 1981, when Petitioner filed its first application to register "Petro Stopping Center," Petitioner argued that its "Petro Stopping Center" mark could co-exist with 42 registered "petro" marks without causing a likelihood of confusion. At that time, Petitioner represented to the PTO:

> The term "Petro" *has been widely used and registered by third parties* as part of composite trademarks and service marks for goods and services in the petroleum products field. Accordingly, *the term "Petro" is entitled to a very narrow scope of protection.*
>
> * * * *
>
> The existence of the foregoing [list of 42 "Petro" registrations owned by other parties] indicates that the Patent and Trademark Office has repeatedly registered marks including the term "Petro" for petroleum related products and services thereby establishing that the term "Petro" . . . *is extremely dilute and entitled to a weak scope of protection.*

App. 1123-24 (emphasis added). As the Fourth Circuit found, Petitioner "now asks this court to accept precisely the opposite proposition." Pet. App. 10a.

F. The Court Below Found That The Parties' Marks Do Not Have A Similar Appearance.

The Fourth Circuit decision enumerates the many differences between the parties' marks and characterizes those differences as "marked." Pet. App. 11a. Indeed, according to the Fourth Circuit, the companies' two marks "present entirely different appearances." Pet. App. 11a.

G. The Court Below Found That James River Selected "James River Petro Card" In Good Faith.

The district court rejected Petitioner's argument at trial that James River intentionally infringed upon Petitioner's trademark. Pet. App. 20a. This finding is not challenged by Petitioner.

H. The Court Below Found That There Is No Meaningful Evidence Of Actual Confusion, And Petitioner Essentially Concedes That No Reasonable Person Could Be Confused Between The Parties.

The district court found that there was little evidence of actual confusion among the parties' customers. Pet. App.

20a. The Fourth Circuit found that Petitioner's "meager evidence of actual confusion is at best de minimus." Pet. App. 13a.

Indeed, because Petitioner's facilities are so unusual and distinctive, Petitioner asserts that "no one in their right mind" would associate Petitioner with "a facility that doesn't look like" Petitioner's facilities. App. 46. As the Fourth Circuit noted, Petitioner's senior management testified that its travel plazas are so distinctive that Petitioner could open a "Petro Stopping Center" 20 miles from a hypothetical truck stop called "Petro Express Auto Truckstop" without causing confusion in the marketplace. Pet. App. 12a; App. 43-46.

Petitioner admits that its color scheme, alone, makes it easy for its customers to recognize its facilities. Cardwell Dep. 48-9. James River's facilities are not distinctive in any manner, and have no color scheme, except for the red, blue, and white (sometimes gray) associated with its "James River Petro Card" logo and name. *See Pet. App. 4a, 11a.*

I. Petitioner Misstates Key Evidence And Findings Below.

Petitioner asserts that it and James River are "competitors." Pet. 3. This assertion is not supported by any finding of fact by either of the courts below. Indeed, as Petitioner admitted at trial,[5] both courts below found that the

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[5]At trial, petitioner admitted that the parties' facilities are not similar, except that both sell diesel fuel to trucks. Cardwell Dep. 168-

(continued...)

two businesses are entirely different, except that they both sell petroleum fuel. As the district court found, Petitioner's facilities are "huge complexes" offering a "wide array" of services, while James River's for the most part look like a "gas station with nobody home." Pet. App. 19a.[6] With one immaterial exception, Petitioner does not even offer any card lock services. Cardwell Dep. 101. The stark differences between the nature of the two businesses, according to the Fourth Circuit, would make it "nearly impossible" for a person seeking a Petro Stopping facility to be lured into purchasing fuel at a James River station. Pet. App. 12a. There is simply nothing in the record that suggest the parties are competitors in any meaningful way.

Petitioner incorrectly states that James River has been operating under the PETRO CARD mark, and Petitioner misleadingly states that "James River has used signage featuring the PETRO CARD mark, alone." Pet. 3. In fact, as the parties stipulated, the record demonstrates, and the Fourth Circuit found, *see* Pet. App. 4a, James River has operated only under the names "James River Petro Card" and "James River Petroleum, Inc.," not "Petro Card" alone; and the sign referred to by Petitioner was created for reasons

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[5](...continued)
9. Petitioner further admitted that James River card locks are not truck stops, App. 30-31, App. 47, App. 250, and "doesn't offer the services that are generally provided at truckstops." App. 30-31.

[6]The vast differences between the parties are set forth in the decisions of both courts below, Pet. App. 3a-4a, 12a-13a, 19a-20a, and in a stipulation, App. 71-77, that is part of the record.

having nothing to do with Petitioner, and it was taken down prior to the litigation. App. 76, App. 92-3, App. 64-8.

Petitioner also suggests, incorrectly, that consumer surveys were introduced into evidence. Pet. 4, 17. In fact, Petitioner did not introduce into evidence any scientifically validated consumer survey.

Petitioner incorrectly states that both courts below found its marks to be descriptive and "inherently weak" for truck stop services. Pet. 2. Neither court made any finding about "inherent weakness." The district court found the marks to be descriptive because "petro" describes the main ingredient of Petitioner's product, *see* Pet. App. 18a, not because "petro" describes "truck stop services."

Petitioner also incorrectly states that the Fourth Circuit held that an incontestable mark "must be shown" to have secondary meaning. Pet. 13. The Fourth Circuit did not so hold; rather, it held that courts must examine the extent of a mark's secondary meaning in the eyes of consumers, as part of determining strength under the likelihood of confusion analysis. Pet. App. 8a-9a.

II. "Incontestability" Does Not Equal "Strength"

A. Both Courts Below Found, As A Matter Of Fact, That "Petro" Is A Weak Mark.

After an extensive review of the record, the Fourth Circuit found that there was ample evidence supporting the district court's factual conclusion that "Petro" is a weak mark under the likelihood of confusion analysis. *See* Pet. App. 11a.

B. *Park 'N Fly* Does Not Create The Rule Advanced By Petitioner, *i.e.*, That Incontestible Marks Are "Conclusively Strong" As A Matter Of Law.

After the trial of this case, Petitioner began arguing for the first time that this Court's decision in *Park 'N Fly, Inc. v. Dollar Park 'N Fly, Inc.*, 469 U.S. 189 (1985), supports the rule Petitioner advances here. This untimely argument should be rejected because it depends on a misreading of *Park 'N Fly*.

Park 'N Fly was an infringement action in which the defendant offered three alternative defenses: (1) that plaintiff's incontestable registered mark was "unenforceable because it is merely descriptive"; (2) that the defendant was in privity with a third party that had used the name prior to registration; and (3) that there was no infringement because there was no likelihood of confusion. 469 U.S. at 192.

The district court in *Park 'N Fly* found for the plaintiff on each of these issues, *i.e.*, that the incontestable mark could not be challenged on the ground that it was merely descriptive;

that there was no evidence of privity; and that there was a likelihood of confusion. *Id.* The Ninth Circuit examined only the first of these issues, and concluded that the incontestable mark could be challenged on the ground that it was merely descriptive. *Id.*

The *only* issue before this Court in *Park 'N Fly* was whether the Ninth Circuit was correct on that issue. As the Court wrote, the petition in that case required the Court "to consider the effect of the incontestability provisions of the Lanham Act in the context of an infringement action defended on the ground that the mark is merely descriptive." *Id.* at 194. *This Court did not consider any issue regarding likelihood of confusion, see, e.g., id.* at 205, *which is the issue presented here*.

As required by the incontestable registration statutes, 15 U.S.C. §§ 1065, 1115(b), this Court held in *Park 'N Fly* that a challenge to validity, based on "mere descriptiveness," could not be raised against an incontestable registration. The Court expressly noted that the purpose of the incontestability provisions is to "provide a means for the registrant to quiet title in the ownership of the mark." *Id.* at 198 (citing legislative history).

Park 'N Fly relates to a completely different issue than the one presented here. Here, the issue is whether incontestability renders a mark "conclusively strong," as a matter of law, under the likelihood of confusion analysis. *Park 'N Fly* did not consider that issue; it stands only for the proposition that James River cannot claim that Petitioner's registration is unenforceable because it is merely descriptive. As the Fourth Circuit recognized, that is not James River's

position in this case. Pet. App. 5a. James River has never asserted that Petitioner's registrations are invalid or unenforceable because of descriptiveness.

James River does contend, however, that the word "petro" is descriptive of the product "petroleum" and that Petitioner's marks are "weak" under the likelihood of confusion analysis. As the Fourth Circuit observed in agreeing with this contention, this issue is distinct from the issue of trademark validity, which *Park 'N Fly* considered.

Significantly, on remand in *Park 'N Fly* the Ninth Circuit treated these issues just as the Fourth Circuit did here. The Ninth Circuit did not view this Court's decision in *Park 'N Fly* as having any impact on the "strength" of incontestable registrations for likelihood of confusion purposes. On that issue, the Ninth Circuit expressly found that the incontestable mark in that case was *not strong* to a significant degree, 782 F.2d 1508, 1509 (9th Cir. 1986) ("[T]he strength of Park 'N Fly's mark [does] not weigh heavily in favor of a finding of infringement."), a finding that conflicts with the rule advanced by Petitioners.

C. At Trial, Petitioner Did Not Urge Its Current Interpretation of *Park 'N Fly*; Petitioner's Current Interpretation Was Raised For The First Time On Appeal.

In its summary judgment brief submitted to the district court, and in its proposed findings of fact and conclusions of

law,[7] *Petitioner did not advance the rule it advances today*. To the contrary, at trial Petitioner identified incontestability as a factor supporting a finding of "strength." Petitioner did not argue that *Park 'N Fly* renders its marks "conclusively strong" for likelihood of confusion analysis. Having failed to make its current argument to the trial court, Petitioner waived its current argument.

D. No Circuit Has Adopted The Rule Advanced By Petitioner.

Not a single circuit court has adopted the rule urged by Petitioner. To the contrary, the circuit courts have treated *Park 'N Fly* just as the Fourth Circuit did. *See, e.g., DeCosta v. Viacom*, 981 F.2d 602 (1st Cir. 1992) (Breyer, C.J.); *Lois Sportswear, U.S.A., Inc. v. Levy Strauss & Co.*, 631 F. Supp. 735, 741 (S.D.N.Y. 1985), *aff'd*. 799 F.2d 867 (2d Cir. 1986); *Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072 (2d Cir. 1993); *Institute for Scientific Information, Inc. v. Gordon & Breach, Science Publishers, Inc.*, 931 F.2d 1002, 1010 (3rd Cir. 1991); *Munters Corp. v. Matsui America, Inc.*, 909 F.2d 250, 252 (7th Cir.), *cert. denied*, 498 U.S. 1016 (1990); *Miss World Ltd. v. Mrs. America Pageants, Inc.*, 856 F.2d 1445, 1449 (9th Cir. 1988)("incontestable status alone does not establish a strong mark"); *G.H. Mumm & Cie v. Desnoes & Geddes*, 917 F.2d 1292 (Fed. Cir. 1990).

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[7]*See* Confidential Memorandum Of Points And Authorities In Support of Plaintiff's Motion For Summary Judgment at 10-13; Plaintiff's Proposed Findings Of Fact And Conclusions Of Law at 19-22.

There is no doubt that the Fourth Circuit's interpretation of *Park 'N Fly* comports with the prevailing view across the country. *See, e.g.*, McCarthy On Trademarks And Unfair Competition (3d), §11.25[3].

Petitioner cites the decisions of two circuits purportedly in support of its position. Pet. at 9-10. In fact, neither of those circuits has adopted the rule advanced by Petitioners, *i.e.*, that incontestable registrations must be considered conclusively strong.

Petitioner cites the Eleventh Circuit's decision in *Dieter v. B & H Industries Of Southwest Florida*, 880 F.2d 322, 329 (11th Cir. 1989). *Dieter* did not adopt the rule that incontestable status renders a mark conclusively strong. Instead, *Dieter* adopted a flexible rule, that incontestable status "is a factor to be taken into consideration" in the likelihood of confusion analysis, and that an incontestable mark "is presumed" to be relatively strong. This analysis is very different from the rule advanced by Petitioner.

Petitioner also cites the Sixth Circuit's decisions in the related cases of *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1187 (6th Cir. 1988) ("*Wynn I*"), and *Wynn Oil Co. v. American Way Service Corp.*, 943 F.2d 595, 600 (6th Cir. 1991) ("*Wynn II*"), *aff'd in part, rev'd in part without published decision*, 61 F.3d 904 (6th Cir. 1995). In fact, *Wynn II* expressly rejects the position advanced by Petitioner, holding that "*Park 'N Fly* did not specifically equate incontestability with strength." *Wynn II*, 943 F.2d at 600. The Sixth Circuit went on in *Wynn II* to adopt the Eleventh Circuit rule as expressed in *Dieter*, which as discussed above is not the approach advanced by Petitioner.

E. The Rule Advanced By Petitioner Conflicts With The Plain Language Of The Lanham Act.

Petitioner overlooks an important limitation to the benefits of incontestability, which the Fourth Circuit recognized: according to the statute, the conclusive effect of incontestability on trademark title and validity, "shall be subject to proof of infringement." 15 U.S.C. §1115(b). As the Fourth Circuit found, this language could only mean that incontestability does not create any conclusive effect as to the issue of infringement. *See* Pet. App. 6a.

F. James River Uses "Petro" To Mean Petroleum, And Petitioner Cannot Prohibit Such Use, Regardless Of The Effect Of Incontestability On "Strength."

Even if this Court were to accept the rule advanced by Petitioner, Petitioner's incontestable registrations would have no effect against the fair use by James River of the term "petro."

The District Court found that "petro" is an abbreviation meaning "petroleum." Pet. App. 18a. Petitioner has not disputed this. James River uses "petro" in its ordinary meaning: to mean "petroleum."[8]

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[8]The same term may be understood to be generic and not subject to protection for some goods and services, while used as a component of a protectible mark for other goods and services. *See, e.g., Black & Decker Corp. v. Dunsford*, 944 F. SUPP. 220, 225 (S.D.N.Y. 1966) (noting that the word

(continued...)

No one can claim an exclusive right to use a term that is generic for a particular good, service, or business, *Sara Lee Corp. v. Kayser-Roth* Corp., 81 F.3d 455, 464 (4th Cir. 1996), *cert. denied,* 117 S.Ct. 412; *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10 (2d Cir. 1976), even if it is combined with other elements. *Expoconsul Int'l, Inc. v. A/E Sys.*, 755 F. Supp. 1237, 21 USPQ2d 1601, 1607 (S.D.N.Y. 1991). This rule applies "no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification." *Abercrombie & Fitch*, 537 F.2d at 9.

James River is entitled to use the term "petro" to mean petroleum as a matter of "fair use" under 15 U.S.C. §1115(b)(4), regardless of Petitioner's incontestable registrations. The statute expressly provides that incontestability "shall be subject to" the fair use and other defenses. 15 U.S.C. §1115(b). It is beyond dispute that *Park 'N Fly* does not prevent a defendant from raising the fair use defense against an incontestable registration.[9]

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[8](...continued)
"apple" would be generic for apples, but arbitrary when used on personal computers, suggestive when used in "Apple-A-Day" vitamins, and descriptive when used in "Tomapple" for combination tomato-apple juice); *Abercrombie & Fitch*, 537 F.2d at 10 (holding that "Safari" is generic for hats and jackets, but not for boots, swim trunks, belts, scarves, etc.); *Polo Fashions, Inc. v. Extra Special Products, Inc.*, 451 F. Supp. 555, 559 (S.D.N.Y. 1978) (holding that "Polo" is generic for polo shirts and polo coats, descriptive for other shirts and coats, and fanciful as applied to other articles of wearing apparel).

[9]*See, e.g., Institute for Scientific Information, Inc. v Gordon & Breach, Science Publishers, Inc.*, 931 F.2d 1002, (3d Cir. 1991), cert, denied, 502 U.S. 909, (1991); *Venetianaire Corp. of America v. A & P* (continued...)

III. Any Error Was Harmless Because The Overwhelming Evidence Shows That There Was No Infringement Or Likelihood Of Confusion -- Even If "Petro" Were Deemed To Be "Conclusively Strong."

A. Regardless Of "Strength," The Courts Below Found That Each Likelihood Of Confusion Factor Other Than "Strength" Weighs Against A Finding Of Infringement.

The district court and the Fourth Circuit applied the likelihood of confusion analysis in accordance with Fourth Circuit precedent. Petitioner has not challenged the appropriateness of the precedent or the rules established by it. Both courts offered extensive analysis of each of the relevant factors, and both courts' findings were clearly supported by the evidence -- even without regard to the issue of "strength." "Strength" is only a factor; it is not determinative.

Petitioner asserts that the Fourth Circuit "presumes that marks may never gain strength through long use and consumer acceptance." Pet. 17. This assertion is simply wrong. The Fourth Circuit expressly considered this issue, and found that Petitioner's service marks may have been strengthened over

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[9](...continued)
Import Co., 429 F.2d 1079, (2d Cir. 1970); *M.B.H. Enterprises, Inc. v. WOKY, Inc.*, 633 F.2d 50, n.2 (7th Cir. 1980); *King-Size, Inc. v. Frank's King Size Clothes, Inc.*, 547 F. Supp. 1138, 1164 (S.D. Tex. 1982); *Eli Lilly & Co. v. Revlon, Inc.*, 577 F. Supp. 477 (S.D.N.Y. 1983); *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267 (2d Cir. 1995). *See also* McCarthy On Trademarks And Unfair Competition (3d), §11:49 (same).

time. Pet. App. 10a. The court below went on to determine, however, that the overall evidence demonstrated that the district court's conclusion that "petro" is a weak mark is not clearly erroneous. Pet. App. 10a, 11a.

Petitioner also suggests that its marks are "strong" because the PTO did not require Petitioner to prove secondary meaning. Pet. at 6. This argument must fail because the Fourth Circuit found, as a matter of fact, that any presumption arising out of the PTO's treatment of Petitioner's marks was rebutted by the evidence. Pet. App. 8a-9a. The district court also found during the trial, as a matter of fact, that the PTO's practice with regard to disclaimers is "inconsistent." Trial Tr. 488-9.

Petitioner also argues that the widespread use of "petro" was proven by inadmissible hearsay. Pet. 14. Although the Petition is not clear in this regard, it appears to be directed to James River's evidence of third party users of the term "petro." This evidence was in the form of the testimony and report of a practicing trademark attorney, who qualified as an expert witness. His testimony and report explained in detail how he conducted his research of commercial business directories and yellow page telephone directories, the legal and practical bases of his methodology, and what his research revealed. *See* App. 964-1005 (expert report).

Petitioner's hearsay objection against this evidence should be rejected because, first and most fundamentally, the evidence was not hearsay. The record demonstrates clearly that the evidence falls within an exception to the hearsay rule under FRE 803(17). *See* App. 982 (¶62), 988-4 (¶¶67-68).

Indeed, courts allow the very evidence that Petitioner complains of. *See Lloyd's Food Products, Inc. v. Eli's, Inc.*, 987 F.2d 766, 768 (Fed. Cir. 1993) (holding that a "threshold showing that the mark appears in advertising, in the form of current listings in the yellow and white pages, carries the presumption that the service mark is being used by third-parties in connection with the offering of the advertised services"); *In re Broadway Chicken*, 38 U.S.P.Q.2d 1559 (TTAB 1996) (finding substantial third-party use of the term "Broadway" based on listings in telephone directories, the American Business Directory database, and the Dun & Bradstreet database); *Sam's Wines & Liquors, Inc. v. Wal-Mart Stores, Inc.*, 32 U.S.P.Q.2d 1906 (N.D. Ill. 1994). Petitioner has not cited any case holding to the contrary and offered no evidence at trial to rebut the presumption of third-party use raised by James River's evidence. (Petitioner does cite several cases involving trademark search reports, which were not used in this case to prove third-party usage.)

Moreover, Petitioner has twice waived this hearsay objection. At trial, although Petitioner initially stated an unexplained objection, Petitioner never expressed that the basis of the objection was hearsay. Trial Tr. 456. Then, on appeal, Petitioner did not raise its hearsay objection in its opening appeal brief. Under Fourth Circuit law it was waived, *see, e.g., Mylan Laboratories, Inc. v. AKZO, N.V.*, 2 F.3d 56, 62 n.6 (4th Cir. 1993), and the Fourth Circuit properly ignored it. This hearsay objection, having been waived, cannot be resuscitated now.

B. Petitioner Cannot Enforce Its Trademark Rights Because It Has Acquiesced To The Use Of The Term "Petro" By Third Parties.

Petitioner cannot object to James River's use of the term "petro" while formally acquiescing to the use of that term by others -- especially when, as here, Petitioner is acquiescing to such use that is *more likely to cause confusion than James River's use.*

The law is clear that, by permitting uncontrolled third party use, Petitioner has either abandoned its trademark rights to the word "petro" or is estopped from taking inconsistent positions, and/or is bound by an admission that the use by others of the term "petro" is not likely to cause confusion. *See, e.g., California Fruit Growers Exch. v. Sunkist Baking Co.*, 166 F.2d 971, 975 (7th Cir. 1947); *Campbell Soup Co. v. Armour & Co.*, 81 F. Supp. 114, 120 (D.C. Pa. 1948), *aff'd on other grounds*, 175 F.2d 795 (3rd Cir. 1949), *cert. denied*, 338 U.S. 847 (1949); *Swedish Beer Export Co. Aktiebolag v. Canada Dry Corp.*, 469 F.2d 1096 (CCPA 1972); *American Chicle Co. v. Topps Chewing Gum, Inc.*, 112 F. Supp. 848 (D.C.N.Y. 1953), *aff'd*, 210 F.2d 680 (2d Cir. 1954); *Universal City Studios, Inc. v. Nintendo Co.*, 578 F. Supp. 911 (S.D.N.Y. 1983), *aff'd on other grounds*, 746 F.2d 112 (2d Cir. 1984); *Croton Watch Co. v. Laughlin*, 208 F.2d 93, 96 (2d Cir. 1953). *Accord Peyrat v. L.N. Renault & Sons, Inc.*, 247 F. Supp. 1009 (S.D.N.Y. 1965).

CONCLUSION

For the foregoing reasons, the Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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